

USAID/Angola
Operational Plan

FY 2006

June 2, 2006

Please Note:

The attached RESULTS INFORMATION is from the FY 2006 Operational Plan and was assembled and analyzed by the country or USAID operating unit identified on the cover page.

The Operational Plan is a "pre-decisional" USAID document and does not reflect results stemming from formal USAID review(s) of this document.

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Program Performance Summary FY 2005: Angola gained independence in 1975, following 500 years of colonial subjugation and 14 years of armed struggle between the Portuguese colonizers and a splintered Angolan nationalist movement. Upon independence, the nationalist groups - unable to reconcile their respective aspirations for national power but able to draw first on the largesse of respective Cold War sponsors and later on Angola's abundant mineral wealth - plunged the country into a brutal, 27-year civil war. All told, as many as one million Angolans were killed, 4.5 million became internally displaced, and another 450,000 fled the country as refugees.

The prolonged war left the country's infrastructure in ruins, its interior areas heavily mined, and much of its social fabric in tatters. Political and economic institutions, which during colonial times were centralized, were also undermined and left anemic, as the war (and the Marxist-Leninist philosophy the Government adopted during the war) further entrenched the practice of centralized planning and created conditions that promoted rampant discretionary spending with little transparency or accountability. The final years of conflict left Angola deeply immersed in a humanitarian crisis, becoming a major recipient of food aid as farms were left devastated and de-capitalized, and markets and roads destroyed along with much of the socio-economic infrastructure. Angola has come out of the worst of the humanitarian crisis, but remains a recovering state as yet unable to adequately assure the provision of security and basic services to significant portions of its populations.

Angola has tremendous potential for feeding itself and its neighbors, spreading stability and spurring economic growth in a virtuous cycle for central and southern Africa. With the war over, Angola is now on the path to harnessing its vast potential to the greater benefit of its citizens. Rising oil prices and production capacity during 2005 have enabled Angola to approach 1.4 million barrels per day petroleum production level and generate revenues for a national budget of \$13 billion. Future oil revenue prospects have allowed Angola to broadly syndicate a \$2 billion loan for reconstruction and rehabilitation. These resources have allowed the government to begin 1,500 major infrastructure projects. New branches of public as well as private banks are opening up in rural municipalities for the first time in decades, apparently as part of an effort to extend agricultural production credit. The government has announced it will train 40,000 new teachers and build thousands of new classrooms and health posts.

During FY 2005, the USAID program focused on providing assistance to further Angola's transition from humanitarian aid to development investment. The United Nation's Transitional Coordination Unit wound up its operations at the end of 2005, as did USAID's large Food for Peace program (\$282 million since FY 2002). These program completions are emblematic of a new era in donor relations with Angola. The humanitarian crisis encouraged donors, USAID included, to spread resources out as widely as possible to keep active a large network of organizations working in different sub-sectors. USAID's new strategy (2006-2009) is the fruit of a re-appraisal of the assistance approaches undertaken in the immediate post-war period and reflects a determination to focus on reducing the sources of state fragility, which are primarily linked to poor governance and weak or non-existent essential service delivery.

CHALLENGES:

There is a continuing need to promote social development, especially through the support and expansion of services in health, education and training and the rebuilding of related facilities destroyed during the war. Indicators for Angola underscore the scale of the development challenge. The country ranks 160th of 177 countries on the 2005 UNDP Human Development Index. National population may be between 13 - 17 million; the lack of a census in decades and any other significant population-based survey makes it difficult to estimate. Angola's population is a young one, with over half under age 15 and an annual population growth rate of at least 3%. The literacy rate among adults over age 15 is 42% while roughly one million primary school age children are not enrolled in school. The average fertility rate is 7.2 births per woman while average life expectancy is 40 years. Infant and child mortality rates are among the highest in the world (250 deaths per 1,000 under-five years) while 41% of all children under-five are chronically malnourished. Malaria, diarrhea, and other preventable diseases such as measles are common in both urban and rural areas. USAID has helped to address these problems through support for capacity building of the Ministry of Health (MOH). Poor health conditions are exacerbated by lack of access to safe water and health services; only 38% of the population has access to a protected water

source and just 2.6% of all communities have a health center. Restricted movement during the war years helped stem the spread of HIV/AIDS, and today Angola has an estimated prevalence rate of 2.8% based on a Centers for Disease Control nationwide HIV/AIDS sentinel surveillance study of pregnant women. However, freedom of movement in the post-conflict period, combined with other socio-economic and demographic factors including refugees returning from neighboring high-prevalence countries, set in 2004 and 2005 the stage for a potential spike in HIV/AIDS infection. USAID has been a leader in the prevention of the spread of HIV/AIDS and sexually transmitted diseases in Angola.

The economy faces many structural impediments to achieving sustained growth. Overall economic performance remains below potential due to limited linkages between productive sectors (notably oil) and the rest of the economy, deplorable infrastructure in both urban and rural areas, inadequate economic policy and management, and pervasive corruption. Inflation, expected to fall from 31% in 2004 to 18% in 2005, contributes to macroeconomic instability that is fed by a large fiscal deficit, a misaligned exchange rate, and underinvestment by the government in social sectors. Nonetheless, economic indicators have improved significantly. USAID's technical assistance has helped to underscore greater transparency in the management of public expenditures through its work with the Ministry of Finance, which complements assistance provided by the World Bank. USAID also intends to assist the Central Bank to introduce policy reforms that will aid the expansion of credit for private sector investment. Domestic transportation networks are in deplorable condition and thwart the expansion of agricultural production and commerce. Market linkages are likewise weak. USAID helped to expand credit for small farmers and identify market outlets for their produce. Continued success to promote food security and reduce malnutrition depends upon increased food production and improved transport networks, along with more efficient, effective market systems for the related inputs and outputs.

Challenges to improved governance and transparency include long-running marginalization of large parts of civil society and sustained domination of economic and political processes by powerful state-affiliated elites. Civic participation is hampered by a long history of political exclusion, with very low levels of participation found beyond the coastal zone and Luanda region or among non-Portuguese speakers. Women remain disadvantaged in public life, especially outside Luanda, due to unequal education opportunities and prevailing social norms about their participation. Constitutional reform, critical to election plans, continues to stimulate public debate but has been slowed by disputes over procedures, timing, and content. Despite efforts to promote laws governing land and property, current reforms have failed to address the needs of large segments of the population while protecting the economic interests of powerful elites. USAID has provided significant support for civil society development, election processes, media and reform of the justice sector.

KEY ACHIEVEMENTS:

In general terms, USAID-funded projects continued the change in focus from recovery and resettlement into more comprehensive and enduring measures of development. USAID achieved notable results in areas of food security and agricultural development; democracy and governance; maternal and child health and HIV/AIDS prevention; and economic growth and enterprise development.

Food Security and Agricultural Development: In FY 2005 the Consortium for Developmental Relief in Angola (CDRA) co-funded by Public Law 480 and Development Assistance resources, and also receiving support from Chevron assisted over 1,447,000 internally displaced, ex-combatants and refugees in the central highlands Planalto region, delivering resettlement assistance in the form of seeds, tools and food supplies. In the Food for Work program, 467,140 people participated, and 3,527,950 participated in the Food for Agriculture program. During the year, CDRA surpassed its goal of reaching more than 210,000 families (or approximately one million people) with a combination of assistance packages depending on the particular needs of individual families. An evaluation of the USAID-supported PVO programs in April 2005 found that in the central Planalto region the period of food security increased from 3.5 months at the beginning of the program to eight months today. USAID also provided assistance to rural communities in Cabinda, Bengo, Benguela, Huambo, Huila, and Kwanza Sul provinces. Over 18,559 farmers benefited from USAID-funded technical assistance on production technologies, business plan development, contract negotiation, and farmers' associations/agriculture cooperative development. Additionally, 13,164

farmers (of which more than 2,600 were women) gained better access to affordable agricultural credit that enabled them to access improved seeds, irrigation equipment, fertilizer, or services such as land preparation.

Democracy and Governance: USAID funded three new activities in the area of conflict mitigation and peace building and supported the establishment of a new independent media entity, "Multipress", which may evolve into Angola's first independent news agency. USAID provided support to conflict prevention/mitigation initiatives, through over 80 training sessions and technical assistance in nearly 60 villages to community-based organizations, civil society organizations (CSOs) and local government officials, including traditional authorities. As a result, far more people were reached through training, workshops and dissemination of information. USAID civil society support has strengthened a coalition of electoral networks with volunteers committed to fair process and successful democratic elections, the first in over 13 years. The networks created a common policy agenda platform, and helped improve a new electoral law. Moreover, USAID's support helped create advocacy campaigns promoting increased citizen participation in the electoral process. USAID assistance strengthened the capacity of many political parties to effectively participate in the electoral process while also improving confidence in the political process, and building the capacity of the parties to improve platform development, message delivery and constituency relations, involving women and youth groups from political parties. USAID's provision of technical assistance and training to CSO coalitions enabled these groups to engage in advocacy and information dissemination campaigns focused on rights to transparency, education and the rights of people living with HIV/AIDS.

Maternal and Child Health and HIV/AIDS: USAID's health program in Angola focuses on increasing the use of maternal and child health (MCH) services and decreasing the spread of HIV/AIDS with an emphasis on prevention programs. Over a two-year period, substantial improvements in certain key health indicators were observed in USAID-supported municipalities. For example, the use of oral-rehydration therapy for children with diarrhea increased from 25% to 36% and children under-five sleeping under a bed net rose from 29% to 56%. In FY 2005, USAID support enabled improvements to be made in the immunization campaigns in 33 municipalities in six provinces. When an outbreak of Marburg hemorrhagic fever continued to affect northern Angola during much of FY2005, USAID support helped improve the MOH's capacity in infection control and containment. While some progress was also noted in maternal health indicators, for example, women giving birth at health centers rose from 56% to 73%, family planning utilization rates barely changed; the use of modern methods as well as natural family planning methods remains extremely low. The HIV/AIDS program supports information, education and communication activities to change behavior, and the distribution of HIV/AIDS rapid test kits and condoms; ten voluntary counseling and testing centers for HIV/AIDS and sexually transmitted infections now provide services to an expanding group of clients. USAID's activities in this area complement the health sector efforts of the Centers for Disease Control and the Department of Defense. Malaria continues to be the number one cause of mortality and morbidity. USAID provided training for health providers in the diagnosis and treatment of malaria, community mobilization activities and marketing and distribution of long-lasting insecticide treated bed nets (ITNs). This support helped set the stage for Angola's designation in 2005 as one of the first three target countries of the President's Malaria Initiative.

Economic Policy Reform and Growth: In FY 2005, USAID began a new project that aims to increase the MOF's capacity to monitor, evaluate and program fiscal expenditures and revenues. This is a relatively new effort, which has required patient follow through to win buy-in from national authorities. USAID's support to the Center for Economic Studies and Scientific Research (CESSR), an independent think-tank housed in the Catholic University of Angola, led to expanded market oriented analyses and the development of several new publications promoting policy reform dialogue. USAID funding, in partnership with ExxonMobil, has helped develop the CESSR into the only private Angolan institution that conducts and locally publishes socioeconomic research. In partnership with Chevron, USAID contributed to the launch of Novobanco, the first and only bank in urban Luanda dedicated to micro, small and medium-size enterprises. The bank grew quickly in FY 2005, establishing two branches, building a clientele of nearly 1,000 customers and rapidly attaining \$4 million in capital from outside investors. USAID also supported credit for rural communities located in the Planalto province of Huambo used a solidarity group lending methodology with a focus on poverty alleviation. Overall, USAID's combined

urban and rural credit activities resulted in 2,899 loans to targeted groups, an average loan size of \$3,242 and a combined credit portfolio repayment rate of 96%.

DONOR RELATIONS:

China has now replaced the U.S. as the lead bilateral donor and source of foreign direct investment in Angola. Chinese investment is strong and largely linked to long-term contracts for extractive resources, with loans creating a long-term mortgage responsibility for roughly 10% of Angola's current oil output. Other leading donors include Norway (democracy and governance, energy, water), the United Kingdom (poverty reduction, microfinance, humanitarian assistance), Spain (health, education, agriculture, civil society, humanitarian assistance), Sweden (humanitarian assistance), France (education, agriculture, humanitarian assistance, health and HIV/AIDS), Portugal (agriculture, education, health, democracy and governance, private sector development, water and sanitation), Japan and the Netherlands. Leading multilateral donors include the European Union and the World Bank, which supports three International Development Assistance (IDA)-financed operations: Emergency Demobilization and Reintegration; Economic Management Technical Assistance; and the Third Social Action Fund (FASIII). Leadership in humanitarian assistance is provided by the United Nations' Transitional Coordination Unit (although this is phasing out in 2006 with operations transferred to the government), the World Food Program, and the United Nations Development Program, with other assistance provided by UNAIDS, FAO, UNICEF, UNFPA, and WHO. Angola is implementing a major program with the Global Fund against AIDS, Tuberculosis and Malaria. The Government of Angola continues to seek an agreement with the International Monetary Fund in consultation with various donors, including the U.S.

GENDER:

Integrating gender as a cross-cutting consideration continued across USAID's programs in FY 2005. In Angola, women represent 51% of the total population, of which 68% live in rural areas (Population Census 1996). About 75% of them are estimated to be engaged in agricultural activities, especially in the production of staple food crops and in the informal agriculture market. Some USAID partners are working to increase women's access to agricultural outputs like credit. One USAID partner that provides microfinance credit support reported a significant increase in the number of clients this past year, noting that the majority were women. Another USAID partner identified women's very low literacy levels as a key constraint in their ability to participate in economic activities in Angola and is starting an adult literacy program targeting women. Gender equity is promoted at USAID-supported Youth Training Centers where responsible reproductive health behavior, HIV/AIDS education, and life skills courses are taught. Because child spacing decisions rest with Angolan men, USAID's reproductive health education programs emphasize reaching males through awareness campaigns targeting male-dominated groups, e.g., police, army, fire department and political parties. USAID's partners continued to reach highly vulnerable women, especially pregnant and lactating women and widows through food assistance and nutritional counseling.

PUBLIC-PRIVATE ALLIANCES:

USAID is working in partnership with several private sector companies, including ChevronTexaco and ExxonMobil on a broad range of activities related to economic research, business development support, the provision of small, medium and micro-credit, HIV/AIDS and malaria prevention, youth development, food security, and agriculture business development. The contribution of public-private alliances in achieving program results has been significant and the potential for still more alliances is vast. In FY 2005 USAID/Angola leveraged a total of \$1,402,000 from private sector partnerships and alliances and a cumulative of \$15,467,000 from 2002 to 2005.

FY 2006 Program
SO: 654-009 Inclusive Governance Reform Advanced

Establish & Ensure Media Freedom & Freedom Of Information

Establish & Ensure Media Freedom & Freedom of Information (\$270,000 ESF): USAID supports the production and broadcast of radio news, debates, interviews and information programs on issues related to elections, municipal development and citizen participation, human rights, health and economic development. USAID funding helps a local media organization (Multipress) to deliver these services through Voice of America. The agency produces close to 150 news pieces each month, providing material for its own web page (www.multipress.info <<http://www.multipress.info>>) as well as for VOA and more than 15 national and international news entities that use the agency as a reference. The agency is the only independent news source that broadcasts by radio in Angolan provinces, and will be a critical resource for voters in elections expected to take place in 2007. By March 2006, the agency's web page had over 71,000 visitors, and anticipates increasing visitation hits to 150,000 by the end of FY2006.

Promote and Support Credible Elections Processes

Promote and Support Credible Elections Processes (\$1,200,000 ESF): USAID provides training, technical assistance and grants to civil society organizations involved in election processes as Angola prepares for general (legislative and presidential) elections. CSOs such as regional electoral networks have been assisted in previous years and in FY2006 are being assisted in carrying out voter education and monitor training. Altogether, the program aims to strengthen the capacity of Angolan CSOs to increase availability of information, promote the management and mitigation of election-related conflict, and be stronger institutions in advocating on electoral issues and monitoring the registration and elections processes. USAID/Angola assists national and local electoral stakeholders in identifying mechanisms for mitigation of election-related conflicts. An example of supported activities can be found in the recent request from the National Electoral Commission (CNE) to have technical assistance in the training of provincial electoral boards and monitors. Principal grantee(s): National Democratic Institute (NDI).

Strengthen Civil Society

Strengthen Civil Society (\$1,190,000 CSH; \$550,000 DA): USAID improves the effectiveness and viability of Angolan civil society organizations through institutional capacity building and grant making. The program will train and strengthen the ability of selected non-governmental organizations (NGOs) to advocate on behalf of their constituencies, deliver services, and work more effectively in collaboration with the government. These institutional strengthening activities may also leverage opportunities to strengthen fruitful interactions between CSOs and government at the central and local levels. The program will provide grants to Angolan CSOs and, in specific situations to international organizations, through a competitive process that supports initiatives increasing essential services and economic opportunities in selected communities. Non-competitive grants that emerge due to new sources of funding partners will also be provided to Angolan CSOs and, in specific situations to international organizations. The civil society organizations supported will potentially engage in activities such as peace-building, HIV/AIDS prevention, economic development, agriculture, education, health and other social services. Principal grantee(s): to be determined.

Strengthen Democratic Political Parties

Strengthen Democratic Political Parties (\$650,000 ESF): USAID provides training, education and technical assistance to political parties to support a strong, stable political party system in preparation for future elections. The activity will increase political parties' engagement of women, youth and CSOs, enhance organizational capacity of political parties, improve dissemination of information on the electoral process and strengthen national reconciliation and peace building through a democratic, transparent

electoral process. USAID, through the International Republican Institute (IRI), seeks to strengthen the democratic character and effectiveness of the political process, namely through enabling political activists to better represent and serve Angolans and thereby to advance democracy in Angola. Principal grantee(s): International Republican Institute (IRI).

Strengthen the Justice Sector

Strengthen the Justice Sector (\$250,000 ESF): USAID, through the U.S. Department of Commerce, provides training and technical assistance to improve court procedures and administration, case tracking and documentation management of the Angolan judicial system. The program will train a core of clerks and judges in improved case management systems, enhance the integrity of provincial courts through a random judge selection system, and assist the Ministry of Justice in full implementation of integrated, networked information systems with software tools customized to Angolan law. In FY 2006, the next step of this modernization process will involve the automation of the central court building at Luanda's Palácio D. Joaquina. Important to the success of this project in 2006 have been the contributions of the Government of Portugal in furnishing technical expertise for the purchase and configuration of hardware and software in Lisbon, as well as the Circuit Court of Sarasota, Florida, that has provided training expertise pro bono in case management and judge selection systems to clerks and judges from the Angolan Ministry of Justice.

Support Democratic Local Government & Decentralization

Support Democratic Local Government & Decentralization (\$1,000,000 DA; \$805,000 CSH): USAID provides training, technical assistance and small grants to strengthen the ability of selected municipalities and community-level administrations to work with citizens to identify and address development needs and formulate and implement community development plans. The program seeks to increase the accountability and capacity of municipal governments to their communities and achieve broad community participation in decision-making pertaining to local public investments. These activities are intended to support the government in the decentralization process. It will facilitate community-driven municipal planning and decision making by providing small grants for local infrastructure needs and to support local initiatives (e.g. construction of selected infrastructure). This program has two corporate partners: Chevron and Lazare Kaplan International. Principal grantee(s): to be determined.

FY 2007 Program

SO: 654-009 Inclusive Governance Reform Advanced

Establish & Ensure Media Freedom & Freedom Of Information

Establish & Ensure Media Freedom & Freedom of Information (\$200,000 ESF): Pending availability of ESF funding, USAID will continue the dissemination of objective and timely information by supporting a local independent news agency to produce and broadcast news, information, debates and interview programs. The agency is the only independent news source that broadcasts by radio in Angolan provinces, and will be a critical resource for voters in elections expected to take place in 2007. To help the agency strengthen its institutional foundation, USAID will leverage information and contacts as possible to provide organizational development support, enabling the agency to build a more unified identity and take steps to acquire new funding sources and potential clients for news services. By the end of 2007, the agency expects to have more than 300,000 visits to its web site (www.multipress.info <<http://www.multipress.info>>) and to have been cited by 20 national and international news entities. Principal grantee: Multipress.

Promote and Support Credible Elections Processes

Promote and Support Credible Elections Processes (\$975,000 ESF): USAID will continue to strengthen

civil society organizations including electoral networks in voter education, monitor training, expand public dialogue, and organizational development in preparation for possible local elections in 2007/2008. To the extent that the first round of elections may take place in 2007, this activity will emphasize providing regional and provincial electoral networks with the wherewithal to be local leaders in training and coordinating civil society efforts to engage in the electoral process. Principal grantee: NDI.

Strengthen Civil Society

Strengthen Civil Society (\$2,482,000 DA; \$600,000 CSH): USAID will continue to improve the effectiveness of Angolan civil society organizations through an expanded program of institutional capacity building and grant making. The program will consist of training and technical support to improve the ability of selected NGOs to organize and communicate within their constituencies and foster productive relationships to carry out their missions and responsibilities. Depending on how the program is designed, civil society strengthening activities will expand to new CSOs and/or to new geographic areas. Principal grantee(s): to be determined.

Strengthen Democratic Political Parties

Strengthen Democratic Political Parties (\$525,000 ESF): USAID will continue to provide training and technical assistance to political parties for possible elections in 2007/2008. To the degree that the first round of elections take place in 2007, the parties benefiting from USAID support will be aided in campaign development, communication methods, and capacity building as election monitors. Following the first elections, USAID will work with parties to evaluate campaign activities and follow with informed development of campaigns for subsequent elections. Principal grantee: IRI.

Strengthen the Justice Sector

Strengthen the Justice Sector (\$200,000 ESF): USAID will continue to provide training and technical assistance to improve court procedures and administration, case tracking and documentation management of the Angolan judicial system. Computer and court management systems installed in 2006 will be audited in 2007 to assess program impact. Potential emphasis for activities in 2007 will be on supporting the development of mechanisms for arbitration to reduce the caseloads on civil and criminal courts. Principal implementing agency: DOC (CLDP).

Support Democratic Local Government & Decentralization

Support Democratic Local Government & Decentralization (\$1,586,000 DA; \$500,000 CSH): Through its Municipal Development Program (MDP), USAID will continue to provide technical assistance, training and small grants to strengthen the capabilities of selected municipalities and community-level administrations. The program will facilitate interaction between community groups and local government in the formulation and implementation of municipal and community development plans.

USAID proposes using additional supplemental resources to support, complement and strengthen decentralization efforts underway by the GRA using multilateral resources. The program has yet to be designed, but USAID has identified a window of opportunity to leverage ongoing programs and partnerships with the Ministry of Finance, the Ministry of Territorial Administration and counterpart technical line ministries (health, energy and water, agriculture) to improve public administration and strengthen the flow of resources from the center to the local level. Principal contractor(s)/grantee(s): to be determined.

All family planning assistance agreements will incorporate clauses that implement the President's directive restoring the Mexico City Policy.

FY 2006 Program**SO: 654-010 Basic Economic Opportunity Maintained/Restored****Improve Economic Policy and the Business Environment**

Improve Economic Policy and the Business Environment (\$600,000 ESF; \$202,000 DA): USAID provides technical assistance to the Ministry of Finance (MOF) under the Fiscal Programming Unit (FPU) project to support transparent and accountable fiscal programming practices, improve the availability of timely and reliable fiscal data, and increase the institutional capacity to monitor and program fiscal accounts. The FPU project strengthens the programming capacity of the MOF to manage fiscal revenues and expenditures accounts, improves the Government of the Republic of Angola's (GRA) ability to comply with international reporting requirements, and supports the development of a workable medium-term expenditure framework. This activity complements work being done by the World Bank and the European Commission. It is critical to International Monetary Fund efforts to put in place a Staff Monitored Program. In FY 2006, USAID will issue a new award under the SEGUIR MACRO II IQC in the EGAT Bureau. This new task order shall develop the program through FY 2008 at a fully funded level of \$1.2 million. Extensive formal and informal training of MOF staff is planned, covering areas such as statistics, public finance, financial management, macroeconomics, programming quantitative analysis, financial modeling, and econometrics. Training Principal contractor(s): Development Alternatives, Inc. (DAI); and to be determined.

USAID supports economic analysis and governance through the independent think tank, Center for Economic and Scientific Research (CESSR) in the Catholic University of Angola, by promoting informed public debates on socio-economic policy issues through support for demand-driven research, publications and conferences. In terms of issues of transparency and accountability, USAID believes the FPU and CESSR activities together help create a public-private sector dialogue on issues of national concern. For instance, in 2006, the CESSR and the Ministry of Finance engaged in a public discussion on the Government's policy of supporting a "hard" kwanza. USAID will further explore the potential for adding an oil and gas energy economics center, in partnership with the University of Texas. Discussions have also been held with the World Bank in terms of linking the CESSR with civil society groups that might have more outreach capacity in helping raise awareness about extractive industries' topics. Principal grantee: Angolan Educational Assistance Fund (AEAF).

Improve Quality of Workforce through Vocational/Technical Education

Improve Quality of Workforce through Vocational/Technical Education (\$339,000 DA): USAID is designing and implementing youth-targeted activities that will stimulate entrepreneurship, increase young people's financial and business skills, and contribute to youth involvement in new economic activity. The USAID-supported program will introduce Junior Achievement to give young people experiences to help them make informed, intelligent decisions about their future and be better prepared for the Angolan workforce. Corporate support for this component is provided by Esso of Angola and Coca-Cola Eastern and Southern Africa Pty Ltd. Principal grantee: Junior Achievement International (JAI).

Strengthen The Financial Services Sector & Increase Access to Capital

Strengthen the Financial Services Sector & Increase Access to Capital (\$1,232,000 DA): To increase access to financial services for currently underserved micro, small and medium-size enterprises in urban and rural areas, USAID, in partnership with Chevron, is designing and implementing a program (Agriculture Finance and Development Program) that, in addition to strengthening the agriculture sector, links the entrepreneurs of a commodity value chain to financial institutions, facilitates the direct participation of the financial service provider, and strengthens the capacity of the loan recipients to productively utilize financial resources and other assets, including land. The following are the principal components to the program:

- o Technical assistance and other support will be provided to banks to encourage delivery of financial services (i.e., savings and loans) to the agricultural sector as an essential part of their own business development, and to acquire the tools and knowledge necessary to cater to agribusinesses and farmers. Additionally, smallholder and medium scale farmers and small and medium scale agricultural enterprises will receive assistance to create viable business plans for funding.
- o Technical assistance in agricultural production to improve quality, with particular emphasis on integrated pest management, modern crop husbandry techniques, crop scheduling, soil protection, irrigation, and water management.
- o Technical assistance that results in improvements in areas such as sorting and grading, packaging, safe transportation of fruits and vegetables, and storage. In addition to technical assistance, this component will utilize credit to assist entrepreneurs to establish or improve agriculture related SMEs. This intervention is expected to enable farmers to regularly supply agricultural commodities that meet quality and safety standards.
- o Assistance to help participants in the agricultural sector to identify market opportunities, improve marketing strategies, use market information systems, and form business contracts and alliances. It will emphasize access to and the use of market information to make production, storing and processing decisions, negotiate contracts, and maintain a consistent supply that maximizes price.

USAID, through Associates in Rural Development, will continue to work on assisting communities to formalize community property rights and facilitate linkages with appropriate commercial enterprises. This program will also assist Government in testing and improving provisions in the land law; and create opportunities for direct financial investment in communities by credit institutions and other financial mechanisms. Specific illustrative activities include:

- o Assisting with land demarcation and registration.
- o Assistance to communities in development of bylaws governing common resource use, etc.
- o Partnering with the implementer of the USAID-Chevron program to assist communities to register land and to synergize actions of property tenure and formalization with commercial enterprise development for greater impact.

In meetings with the Central Bank (BNA) in 2005, USAID received strong indications of interest for assistance to help it with the establishment of a credit bureau. A proposal has been prepared, but has not as yet been submitted to the Financial Sector Reform and Strengthening Initiative (FIRST) for a feasibility study. Such an activity could be considered as a priority intervention in FY 2007 based on the BNA's strong expressed interest (thus facilitating a closer relationship between the Mission and Government), the activity's ability to reinforce Angolan capacities at the Government level, and the likelihood that this intervention could achieve tangible results over three to five years. Credit also plays a role in the support USAID is providing to the electricity sector under the Service Delivery SO, and so is described under a program component there.

Subject to the availability of funds, USAID would like to enhance the operational efficiency and transparency of the financial sector and strengthen the enabling environment for the development of non-bank financial service providers. Accordingly, USAID is exploring the possibility of a project to strengthen the regulatory and supervisory capacity of the BNA. Angola took a major step forward in 2005 with the adoption of a new banking law that allowed for the establishment of non-bank financial intermediaries, and products such as leasing, factoring, venture capital, warehouse receipts and microfinance. A more diverse portfolio of lending and investment options can directly increase access to finance for SMEs. However, the norm and regulations to implement the law with regard to non-bank institutions have not been developed and the BNA has expressed a desire for assistance in doing so. Another potential area of cooperation with the BNA will help to ensure the stability of the banking system through the creation of an offsite bank surveillance system able to collect and interpret data from banks, thereby allowing regulators to monitor the health of the banking industry. Data captured in an offsite system includes information such as amount of loans outstanding, earnings, liquidity, etc., and can provide early warning of incipient bank financial problems.

FY 2007 Program**SO: 654-010 Basic Economic Opportunity Maintained/Restored****Improve Economic Policy and the Business Environment**

Improve Economic Policy and the Business Environment (\$600,000 ESF; \$401,000 DA): USAID will continue to strengthen the institutional capacity of the MOF with additional funding to the FPU project to support transparent and accountable fiscal programming. Subject to the availability of funds, USAID would provide additional funding to support the independent think-tank, CESSR in the Catholic University of Angola through the creation of an oil and gas energy economics center. Principal contractors: to be determined and AEA.

Improve Quality of Workforce through Vocational/Technical Education

Improve Quality of Workforce through Vocational/Technical Education (\$332,000 DA): USAID will continue to support Junior Achievement to give young people experiences to better prepare them for skills training and workforce development. Principal grantee: JAI.

Strengthen The Financial Services Sector & Increase Access to Capital

Strengthen the Financial Services Sector & Increase Access to Capital (\$1,607,000 DA): USAID will continue to fund activities to increase access to and productive use of financial resources in the agricultural sector, linking a financial institution to entrepreneurs in a supply-driven model and continue support for land titling and property registration. If additional resources can be identified, USAID will (a) increase its support for initiatives that strengthen the regulatory and supervisory capacity of Central Bank of Angola, and the establishment of a credit bureau; and (b) help the banking sector introduce new products for small and medium enterprise through banker training and the introduction of Development Credit Authority (DCA) guarantee instruments. These aim to generate medium-term conditions in the operating environment for financial institutions to expand the offered services to urban and rural entrepreneurs. Principal contractor(s)/grantee(s): ARD, RDI (sub) and others to be determined.

FY 2006 Program**SO: 654-011 Provision of Essential Services by Local and National Institutions Increased****Expand & Improve Access To Economic & Social Infrastructure**

Expand & Improve Access to Economic & Social Infrastructure (\$1,145,000 DA): USAID is designing and implementing activities to improve access to affordable electricity for peri-urban populations, and when possible, link these activities to other service delivery (e.g., health and education) and private sector development activities. USAID-funded activities are aimed at strengthening the ability of: (a) civil society organizations to articulate communities' needs to government decisionmakers; and (b) the national electricity utility to interact and provide reliable electricity to un-served, pilot areas. This program will receive corporate support from the Banco de Fomento Angola. In its initial phase the electricity sector program will be implemented in two municipalities of the Province of Luanda, namely Kilamba Kiaxi and Viana. If additional resources are identified the program will be expanded to other municipalities/provinces. The program will educate community members on energy awareness and strategies to control their electricity consumption and help them develop strategies so that they will be able to pay for their energy consumed. For instance, the program will develop a revolving fund to assist the poorest members of communities and individuals with the upfront costs of new electricity connections. It will also help ensure that electricity is promoting increased income through private sector development. The program will provide technical assistance to the public sector institutions, both a national utility and municipal government, to enhance their capacity to plan and implement electricity network expansions through increasing interactions with affected communities, technical assistance for the design and implementation of expansion and maintenance plans, and improvement of billing and collection systems.

Principal contractors: Academy for Educational Development (AED) and U.S. Energy Association (USEA) (both prime) and CARE (sub).

Improve Child Survival, Health & Nutrition

Improve Child Survival, Health & Nutrition (\$1,483,000 CSH): USAID supports eradication efforts against polio and funds activities to improve the health of children. Support will be provided to community groups for information, education and communication (IEC) activities to encourage healthy behavior change. Integrated with other program components, USAID will strengthen management systems to improve logistics and health care performance, focusing initially on Luanda, Huambo and Lunda Norte.

To address the immediate need to expand access to health services, the program will tackle human resource and logistical problems in local health facilities of targeted municipalities to enable these facilities to improve effective coverage. USAID's contractor will improve the technical skills of civil society organizations involved in health care so that they can serve more people, prioritizing those civil society organizations participating in USAID's civil society program in order to better foster programmatic integration. The program will focus on systemic issues such as training and supervision, health finance, procurement and distribution of commodities, and integration of services. To address lack of transparency and responsiveness to local needs, it will foster improved communications and relationships between local health staff and the communities they serve. Principal Grantee: World Health Organization (WHO). Principal contractor: to be determined.

Prevent & Control Infectious Diseases Of Major Importance

Prevent & Control Infectious Diseases of Major Importance (\$7,395,000 CSH): Through increased resources from the PMI, USAID funds the large-scale free distribution of 450,000 long-lasting insecticide treated bednets (ITNs) to help protect pregnant women and young children, along with continued support for the social marketing of ITNs, indoor residual spraying (IRS) in the southern provinces of Angola, strengthening of malaria diagnosis, improved access to malaria prophylaxis for pregnant women using intermittent preventive treatment (IPT), modification and strengthening of the Ministry of Health's (MOH) anti-malarial drug management system to accommodate new combination therapy, delivery of preventive and curative services to underserved areas, and a national malaria survey. USAID will purchase through WHO approximately \$900,000 of effective Artemisinin-based Combination Therapy (ACT) drugs to treat malaria. USAID also supports the training of health service professionals in correct tuberculosis diagnosis and treatment. This program component receives corporate support from ExxonMobil. Principal grantees: Population Services International (PSI) and others to be determined; Principal contractor: Research Triangle Institute (RTI).

Reduce Transmission & Impact Of HIV/AIDS

Reduce Transmission & Impact of HIV/AIDS (\$2,223,000 CSH): USAID supports voluntary counseling and testing (VCT) in 12 health facilities and four tuberculosis clinics. USAID will continue to focus HIV/AIDS prevention and condom distribution activities on groups whose behaviors place them at risk of transmitting or contracting the disease. USAID will also continue to emphasize abstinence and delaying sexual debut messages to youth. If funding becomes available, prevention services for mother-to-child transmission (PMTCT) may begin. This program component receives corporate support from Banco de Fomento Angola. USAID will support the development of a business alliance of the MOH and corporate partners to improve workplace efforts against HIV/AIDS as well as bolster corporate social responsibility. USAID is planning for the distribution of 12-15 million un-branded condoms per year, primarily as part of the HIV/AIDS prevention program of the MOH, local NGOs and corporate partners. USAID will seek to strengthen effective and auditable MOH storage, distribution and reporting systems for the condoms. Principal grantees: PSI and others to be determined.

Support Family Planning

Support Family Planning (\$1,527,000 CSH): USAID provides technical assistance to the MOH in updating family planning protocols, mastering the logistics of contraceptive supplies, and increasing the quality and availability of family planning methods at health clinics, including community mobilization for quality family planning services. USAID will support - integrated with other program components - curriculum improvements (based on approved national protocols), training materials development and training of local health worker staff on family planning, malaria and tuberculosis; training of health staff supervisors at municipal and provincial levels to improve supervision of health center operations; and training of community-based health education and liaison workers. A task order contract will be awarded under an indefinite quantity contract by the fourth quarter of FY06. Principal contractor: to be determined.

All family planning assistance agreements will incorporate clauses that implement the President's directive restoring the Mexico City Policy.

FY 2007 Program

SO: 654-011 Provision of Essential Services by Local and National Institutions Increased

Expand & Improve Access To Economic & Social Infrastructure

Expand & Improve Access to Economic & Social Infrastructure (\$1,136,000 DA): USAID proposes funding additional activities to improve access to affordable electricity for un-served urban and rural populations. USAID will continue to fund technical assistance, training and exchange programs for local and national providers. USAID will assist the utility in the design and planning for extending access to electricity in targeted areas where community-based service improvement programs exist. This could include demand forecasting, billing and metering systems, payment plans and pricing policies. It will support the design and implementation of community education programs focusing on energy service management, including payment of tariffs and system maintenance. Over the next 3-5 years, USAID expects that the program will be self-sustaining, i.e. that lower-income consumers would continue to make use of the revolving fund for connection fees and that more consumers would have the capacity to pay for their electricity consumption. Additionally, in rural areas that are unlikely to be connected to the electricity grid in the near future, the program will identify alternative off-grid service providers to flesh out practical and sustainable plans for increased access to electricity. Principal contractors: Academy for Educational Development (AED) and U.S. Energy Association (USEA) (both prime) and CARE (sub).

Improve Child Survival, Health & Nutrition

Improve Child Survival, Health & Nutrition (\$1,000,000 CSH): By 2007, USAID expects to be winding down support for polio eradication activities, based on assessments of vaccination coverage accomplished in 2006. Available resources will be channeled into continuing support to rebuild MOH management systems to improve logistics, health care performance and service delivery, particularly for young children and vulnerable populations. Principal grantee: to be determined.

Prevent & Control Infectious Diseases Of Major Importance

Prevent & Control Infectious Diseases of Major Importance (\$7,400,000 CSH): Malaria programming will continue to receive substantial support from PMI. During 2007, USAID will strengthen planning, logistics, surveillance, evaluation and reporting capacities of the MOH at the central, provincial and municipal levels in targeted provinces. Based on entomological studies and other assessments of malaria behavior in Angola, a second round of IRS spraying in southern population centers in the epidemic-prone belt will be programmed. USAID will expand purchases of ACT drugs to treat malaria, simultaneously improving MOH distribution systems for the costly drugs. USAID will support through a sub-grant mechanism efforts by NGOs to improve and monitor provincial distribution systems. USAID will support IEC and behavioral

change campaigns through mass media, interpersonal communications and other tools to improve household prevention and care-giving practices. USAID will continue to provide support for increasing availability, accessibility and quality of tuberculosis diagnosis and treatment. Principal grantees: PSI and others to be determined; principal contractor: to be determined

Reduce Transmission & Impact Of HIV/AIDS

Reduce Transmission & Impact of HIV/AIDS (\$2,472,000 CSH): USAID plans to continue prevention efforts, institutionalizing and expanding the number and reach of VCT centers, behavior change and communication (BCC) activities and PMTCT. USAID will build on the business alliance and corporate social responsibility efforts to expand the reach of public sector prevention efforts. HIV rapid assessment test kits will be purchased. Additional un-branded condoms will be acquired. Principal grantees: PSI and others to be determined.

Support Family Planning

Support Family Planning (\$1,402,000 CSH): USAID will continue to strengthen the delivery of family planning services in Luanda, Lunda Norte and Huambo. USAID will improve management systems between facilities, provincial centers, and the central MOH, including specifically logistics and commodity distribution. USAID will seek to reduce stock-outs in family planning methods. Integrated with other program components, USAID will seek improvements in national protocols, particularly for reproductive health and community outreach; improve training and performance standards for training in management, accountability, reporting for health worker staff; and community outreach for health staff at local and municipal levels. Principal contractor: to be determined.

All family planning assistance agreements will incorporate clauses that implement the President's directive restoring the Mexico City Policy.

Results Framework

654-005 Enhanced household food security in targeted communities

Program Title: Improved Food Security

IR5.1: Vulnerable Households Become More Food Self-reliant

IR5.2: High-value Crops Produced and Marketed More Effectively

654-006 Constituencies promoting democratic governance strengthened

Program Title: Civil Society Strengthening

IR6.1: Greater Availability of Information on Key Issues

IR6.2: Improved Civic Advocacy on Key Issues

IR6.3: Improved Government-Constituencies Relations

654-007 Increased use of Maternal/Child Health and HIV/AIDS services and/or products and improved health practices

Program Title: Maternal and Child Health and HIV/AIDS

IR 7.1: Increased awareness/knowledge/demand for Maternal and Child Health (MCH) services

IR 7.2: Increased access to quality care Maternal and Child Health (MCH) services

IR 7.3: Increased demand/awareness knowledge for HIV/AIDS

IR 7.4: Increased access to HIV/AIDS products

654-008 More market-oriented economic analysis and growth encouraged

Program Title: Market-oriented Economic Analysis

IR 8.1: Selected effective enabling conditions for micro and small business operations secured (in provincial communities)

IR 8.2: Business support mechanisms created and strengthened

IR 8.3: Sustainable financial services for micro/small/medium firms initiated

654-009 Inclusive Governance Reform Advanced

Program Title: Governance

IR 9.1: Selected units of government, at the sub-national level, with increased capacity for participatory planning, budgeting, implementing and monitoring.

IR 9.2: Systems for transparent, effective policy, planning and management strengthened.

IR 9.3: Substantive constituency involvement in promoting competitive, transparent and inclusive electoral processes.

IR 9.4: Strengthen community and civil society participation in governance.

654-010 Basic Economic Opportunity Maintained/Restored

Program Title: Economic Opportunity

IR 10.1: Access to and use of financial products for productive uses expanded.

IR 10.2: Access to and use of property for productive uses expanded.

IR 10.3: Community/civil society activity to promote economic opportunities increased.

654-011 Provision of Essential Services by Local and National Institutions Increased

Program Title: Service Delivery

IR 11.1: Targeted local and national institutions delivering quality health care services.

IR 11.2: Increased knowledge and practice of positive health behaviors.

IR 11.3: Increased access to electricity for unserved populations.

IR 11.4: Community/civil society activity to provide needed social services increased.